



**PROPERTY & CASUALTY INSURANCE REVIEW
OCTOBER 18, 2017**

QUORUM INSURANCE

- Quorum is a Credit Union owned, Florida based insurance agency specializing in Personal (Property & Casualty) and Individual/Group (Life & Health) Insurance.
- We are traditional independent insurance agency with multiple carrier relationships.
- Our program provides a trusted P&C/L&H agency resource for members of affiliated credit unions.
- Our knowledgeable licensed insurance professionals act as an extension of our credit union partners to provide insurance guidance, advice and options to members.

AGENDA

- ❖ Property insurance policy forms and coverages
- ❖ Quote process
- ❖ Binder requirements

HOMEOWNERS INSURANCE POLICY FORMS

❖ H01 – Basic Form

- ❖ Fire or smoke
- ❖ Explosions
- ❖ Lightning
- ❖ Hail and windstorms
- ❖ Theft
- ❖ Vandalism
- ❖ Damage from vehicles
- ❖ Damage from aircraft
- ❖ Riots or civil commotion
- ❖ Volcanic eruption

❖ H02 – Broad Form – covers all H01 perils, plus:

- ❖ Falling objects
- ❖ Weight of ice, snow or sleet
- ❖ Freezing of household systems like AC or heating
- ❖ Sudden & accidental tearing apart, cracking, burning, or bulging of pipes and other household systems
- ❖ Accidental discharge or overflow of water or steam
- ❖ Sudden and accidental damage from artificially generated electrical current

HOMEOWNERS INSURANCE POLICY FORMS

❖ H03 – Special Form

- ❖ Most common type
- ❖ Covers all perils unless specifically excluded

❖ H08 – Modified Form

- ❖ Similar to an H01
- ❖ Named peril policy based on ACV versus Replacement Cost
- ❖ Typically used in situations where the replacement value greatly exceeds the market value of a home
- ❖ Water damage and falling objects not included
- ❖ Insurance for catastrophic losses

HOMEOWNERS INSURANCE POLICY FORMS

❖ H04 – Tenant Form

- ❖ Specifically for renters
- ❖ Covers only personal property and personal liability

❖ H06 – Condo Form

- ❖ Similar to an H03 but designed for condominium owners
- ❖ Includes Building coverage for walls, floors and ceiling
- ❖ Also includes coverage for personal property and personal liability

HOMEOWNERS DEC PAGE REVIEW

Mailing Address:	8091 SYCAMORE DR NEW PORT RICHEY, FL 34654	Clearwater, FL 33759
Phone Number:		
Effective Dates:	From: 10/13/2017 12:01 am To: 10/13/2018 12:01 am	Effective date of this transaction: 10/13/2017 12:01 am
Activity:	New Business	Co-Applicant:
Insured Location:	8091 SYCAMORE DR NEW PORT RICHEY, FL 34654 Pasco County	
<i>Coverage at the residence premises is provided only where a limit of liability is shown or a premium is stated.</i>		
Coverages and Premiums:	Coverage Section	Limits Non-Hurricane Hurricane Total
	Coverage - A - Dwelling	\$508,000 \$1,449.00 \$2,576.00 \$4,025.00
	Coverage - B - Other Structures	\$50,800 \$38.00 \$17.00 \$55.00
	Coverage - C - Personal Property	\$381,000 Included
	Coverage - D - Loss Of Use	\$50,800 Included
	Coverage - E - Personal Liability	\$300,000 \$15.00 \$15.00
	Coverage - F - Medical Payments To Others	\$5,000 \$10.00 \$10.00
	Total of Premium Adjustments	(\$328.00) (\$1,667.00) (\$1,995.00)
	SEE PAGE 3 FOR DETAILED DESCRIPTION OF PREMIUM ADJUSTMENTS	
	Total Policy Premium	\$2,110
	Hurricane Premium = \$926.00 Non-Hurricane Premium = \$1,184.00	

HOMEOWNERS INSURANCE FAQs

Can the Dwelling coverage be increased to the mortgage amount?

The Dwelling limit is based on the replacement cost of the structure which is typically calculated using a Replacement Cost Estimator (RCE). The Dwelling limit cannot be increased above the RCE.

Note: 690-167.009 – Mortgage Fire Insurance Requirements Limited

No mortgage lender shall, in connection with any application for a mortgage loan in this state, which is secured by a mortgage on residential real estate located in this state, require any prospective mortgagor to obtain by purchase or otherwise a fire insurance policy in excess of the replacement value of the covered premises as a condition for granting such a mortgage.

HOMEOWNERS INSURANCE FAQs

How much insurance does the Homeowner need to purchase?

The recommended amount of insurance purchased should equal the replacement value of the home, or at least 80% - 90% of the replacement value to avoid a coinsurance penalty.

Coinsurance formula: $\frac{\text{Insurance Limit}}{\text{Replacement Value}} \times \text{Loss} - \text{Deductible}$

Example – Let's assume the RCE value of the Insured's home is \$600,000 and the policy includes a 90% coinsurance clause. The amount of insurance should be \$540,000, but the Insured chose a limit of \$508,000. If an \$18,000 loss occurs, the coinsurance penalty would apply and the Insured would receive only \$14,420.

$$.94 \times \$18,000 - \$2,500 = \$14,420$$

HOMEOWNERS INSURANCE FAQs

What is the difference between Catastrophic Ground Collapse & Sinkhole coverage?

Catastrophic Ground Collapse is a major type of sinkhole with very specific legal guidelines. Florida law defines it as a geological activity that results in ALL of the following:

- The abrupt collapse of the ground cover
- A depression in the ground clearly visible to the naked eye
- Structural damage to the building, including foundation
- The insured structure being condemned and ordered to be vacated

Many types of **Sinkholes** damage homes but do not meet all 4 criteria above. For example, if a sinkhole causes cracks in the walls or foundation of the home but there is no depression in the ground and the home is not condemned, there would be no coverage for the loss if the policy had Catastrophic Ground Collapse coverage.

HOMEOWNERS INSURANCE FAQs

What factors can lower the Homeowners Insurance premium?

- Wind mitigation credits
 - Wind Mitigation report required
- Higher Hurricane Deductible
 - Typically 2%
 - Some companies offer 5% and 10%
- Higher All Other Perils (AOP) Deductible
 - Typically \$1,000
 - Some companies offer \$5,000, \$7,500 and \$10,000
- Lower limits on Coverages B – F

FLOOD INSURANCE BASICS

- ❖ **NFIP** – National Flood Insurance Program
- ❖ **SFHA** – Special Flood Hazard Area (A & V Zones)
- ❖ **MPPP** – Mortgage Portfolio Protection Policy (Forced Place Flood)
- ❖ **FIRM** – Flood Insurance Rate Map
- ❖ **EC** – Elevation Certificate
- ❖ **CMP** – Civil monetary Penalty
- ❖ **B, C, & X Zones** – Minimal to moderate risk of flooding
- ❖ **A Zones** – Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage
- ❖ **V Zones** – Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves
- ❖ **D Zones** – Areas with possible but undetermined flood hazards

FLOOD INSURANCE BASICS

- A flood is legally defined as a general and temporary condition where two or more acres of normally dry land or two or more properties are inundated by water or mudflow.
- In layman's terms, a flood is water damage caused by rising water or surging water.
- The maximum coverage available on a standard Flood Insurance policy is \$250,000 – Building \$100,000 – Contents.
- Coverage limits of \$5,000,000 – Building \$1,000,000 – Contents may be available through an Excess Flood policy.
- Zones B, C, and X are eligible for a Preferred Risk policy, which is a packaged policy with substantially lowers rates than the Standard Flood policy.

FLOOD INSURANCE BASICS

Private Flood policies:

- Offers are being sent to Insureds & Mortgage Companies at renewal
- Premiums are usually lower than the NFIP
- Additional coverages may be included
- Policies are issued by Excess & Surplus lines carriers. Insureds must sign an acknowledgement.
- Cannot be cancelled for duplicate coverage if the Insured later changes his/her mind and decides to renew the NFIP offer, unless the cancellation request is received before the renewal date

PRIVATE FLOOD RENEWAL OFFER

629 00001 PFLD PREF

PRIVATE FLOOD ALTERNATIVE REMINDER

Dear Insured,

Your agent has great news for you regarding your flood insurance!

Your property qualifies for the Private Flood Alternative (PFA) and we are sending this letter on your agents behalf to let you know that **YOU NOW HAVE A CHOICE.**

The PFA provides an enhanced coverage* that exceeds what is offered by the National Flood Insurance Program (NFIP):

Enhanced Coverage*	PFA	NFIP
Additional Living Expense of \$5,000	Yes	No
Replacement Cost Value (RCV)	Yes	Maybe: The NFIP provides Actual Cash Value (ACV) only on: Non-Primary or 1-4 family Residential Properties.
Loss of Rents for: Secondary or 1-4 Family Residential Properties	Yes	No

In addition, the PFA offers enhanced coverage* with more affordable rates than the NFIP.

PRIVATE FLOOD ALTERNATIVE	NATIONAL FLOOD INSURANCE PROGRAM	TOTAL PREMIUM
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FLOOD DEC PAGE REVIEW

Property Location (if other than above)

8091 SYCAMORE DR, NEW PORT RICHEY FL 34654

Address may have been changed in accordance with USPS standards.

Rating Information

Original New Business Effective Date: 11/30/2011

Building Occupancy: Single Family

Primary Residence: Y

Number of Floors: One Floor

Building Indicator: Non-Elevated

Basement/Enclosure/Crawlspace:

No Basement

Condo Type: N/A

Community Name: PASCO COUNTY

Community #: 120230

Community Rating:

Program Status: Regular

Flood Risk/Rated Zone: X

Map Panel/Suffix: 0193 F

Grandfathered: No

Coverage

BUILDING \$250,000

CONTENTS \$100,000

Deductible

\$1,250

\$1,250

Premium

\$344.00

\$.00

ANNUAL SUBTOTAL:

\$344.00

DEDUCTIBLE DISCOUNT/SURCHARGE:

\$.00

ICC PREMIUM:

\$4.00

COMMUNITY RATING DISCOUNT:

\$.00

SUB-TOTAL:

\$348.00

RESERVE FUND ASSESSMENT:

\$52.00

PROBATION SURCHARGE:

\$.00

THIS IS NOT A BILL

DEAR MORTGAGEE

The Reform Act of 1994 requires you to notify the WYO company for this policy within 60 days of any changes in the servicer of this loan.

FLOOD INSURANCE FAQS

How does a homeowner get an elevation certificate?

- Ask the local floodplain manager if the property's elevation information is on file. If so he/she is authorized to complete the EC. Homeowners may also hire a State-licensed surveyor to complete a new EC. Depending on the location and complexity of the job, the cost can vary from \$200 to \$2000. (As demand increases, expect the cost to do the same)

Is Replacement Cost on the home included on the policy?

- The Standard flood policy includes Replacement Cost on the Building up to the limit of coverage shown on the Declarations page if:
 - The home is insured to at least 80% of its replacement value or the maximum limit of \$250,000
 - The home is occupied at least 80% of the calendar year

QUOTE PROCESS

1. Quotes via phone – 800-714-1447
2. Quotes via website – www.quoruminsurance.com
3. Navigate to the specific product type under the “Get a Quote” tab
4. Complete and submit the form
5. Member referrals may also be submitted using the “Refer a Friend” link
6. Quote requests are logged and assigned same day and members are contacted within 24 hours of request being received
7. Use our Flood Insurance form to determine flood zones and obtain quick quotes

QUOTE PROCESS

The screenshot shows the Quorum Insurance website interface. At the top, there is a navigation bar with the Quorum logo and the tagline "There at Every Step." To the right of the logo, there is a "Live Chat" button indicating it is online, and contact information for Corporate Headquarters: 9927 Delaney Lake Dr., Tampa, Florida 33619, and a phone number 800-714-1447. Below the logo, there is a navigation menu with buttons for "GET A QUOTE", "PERSONAL", "BUSINESS", "SERVICE", "BLOG", "ABOUT US", and "CONTACT US".

The main content area features a large banner with a photo of a family. The banner text reads: "There At Every Step" (flanked by stars), "Your home is one of your biggest investments. Do you have the protection you need?", and a "Request a Quote" button with a dropdown menu set to "Auto" and a "Go »" button.

Below the banner, there are three sections: "Refer a friend to Quorum" with a gift icon and text "Refer your friends and family and we'll enter your name in a monthly drawing for a free gift!"; "Our Credit Union Partners" featuring the McCoy Federal logo; and "Connect with us online" with social media icons for LinkedIn, Facebook, and RSS.

At the bottom, there are two buttons for "Auto Insurance" and "Life & Health", each accompanied by a small photo of a person.

BINDER REQUIREMENTS

New policies:

- Quote accepted by proposed Insured
- Application is completed and signed
- Application is submitted to carrier
- Evidence of Insurance is generated
- Mortgage company is billed for full annual premium

Existing policies:

- Request received for mortgagee change
- Request is authorized b phone or in writing by Insured
- Mortgage clause change request is submitted to carrier
- Carrier processes request and updated Declarations page is generated

QUESTIONS?

For more on this topic, or to become a partner,
contact me at kim.brubaker@quoruminsurance.com



Kim Brubaker, AIS, CIC, CPIW
VP & Chief Operating Officer
Quorum Insurance, LLC
(800) 714-1447 Ext. 2024
www.quoruminsurance.com